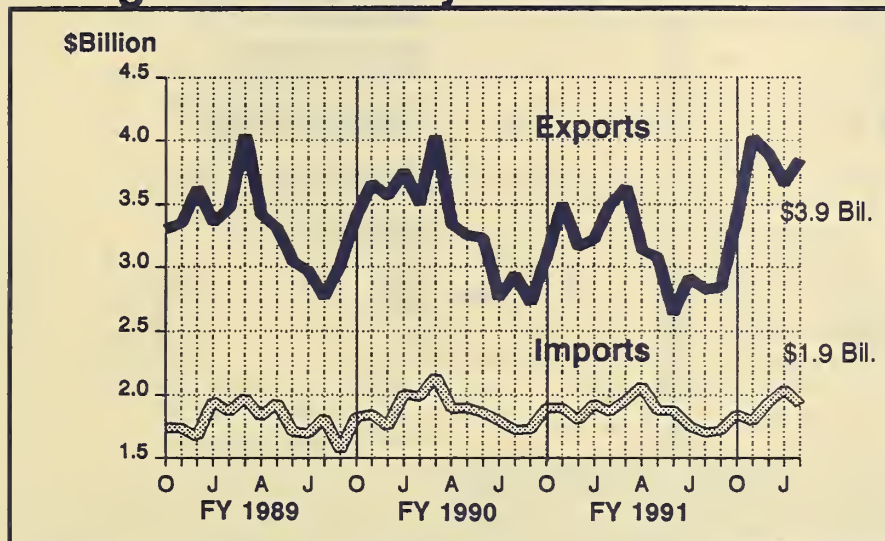


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AGRICULTURAL TRADE HIGHLIGHTS

Agricultural Exports Rise 11 Percent in Highest February on Record



February trade statistics released on April 16 by the Commerce Department placed the value of U.S. agricultural exports at \$3.9 billion, up 5 percent from January and up 10 percent from the same month last year. February's performance brings the cumulative fiscal 1992 (October-February) total to \$18.8 billion and 66 million tons, up 14 percent and 19 percent, respectively, from the same period last year.

At just under \$2 billion, U.S. exports of bulk commodities rose 6 percent from February 1991. The \$100-million gain was led by heavy increases in wheat and soybean exports. These increases more than offset reductions in cotton and coarse grain exports. To-date, bulk exports now top \$9 billion, 13 percent ahead of year-earlier levels, as wheat and soybeans continue to turn in strong performances.

U.S. exports of intermediate high-value products also grew in February, rising 9 percent to just over \$800 million. Increased exports of soybean meal and oil and feeds and fodders

accounted for most of the gain. Overall, intermediate products did well for February with only two categories showing losses for the month--hides and skins, and sugars and sweeteners (including beverage bases). February's strong performance boosted the year-to-date total to over \$4.1 billion, 13 percent ahead of the same 5-month period last year.

U.S. exports of consumer-oriented high-value products registered yet another double-digit rise in February--up 21 percent to just over \$1.1 billion. Continuing a long-running trend, gains in consumer-oriented exports were broad-based, with all of the 16 categories up over year-earlier levels. Among the top performers were dairy products, horticultural products, pet foods, and snack foods. February's performance brings the year-to-date total to over \$5.5 billion, 18 percent ahead of the same record-setting period last year.

Trade performance with the top 10 U.S. agricultural export markets was mostly up over year-ago levels with

declines limited to just two markets. China and the former Soviet Union were the only major markets to decline in February, with U.S. shipments down 19 percent and 5 percent, respectively. Exports to Japan gained the most in dollar terms, up over \$100 million from February 1991 to \$784 million. This brings the year-to-date total to \$3.5 billion, up 4 percent from the same 5-month period last year. Shipments to the EC also grew strongly in February, up 10 percent to \$788 million, boosting the total so far this year to \$3.9 billion, up 9 percent from a year ago. Mexico rounds out the February double-digit growth markets, with exports up 29 percent to \$355 million. Moderate growth was posted on shipments to Canada and Hong Kong at 7 percent each, while exports to Korea and Taiwan grew more modestly at less than 5 percent each.

U.S. agricultural imports for February rose 3 percent from year-earlier levels to \$1.9 billion. February's total brings fiscal year-to-date imports to \$9.7 billion, up 3 percent from 1991. Led by strong exports, the year-to-date agricultural surplus totalled \$9.1 billion, over \$2 billion higher than the same 5-month period last year.

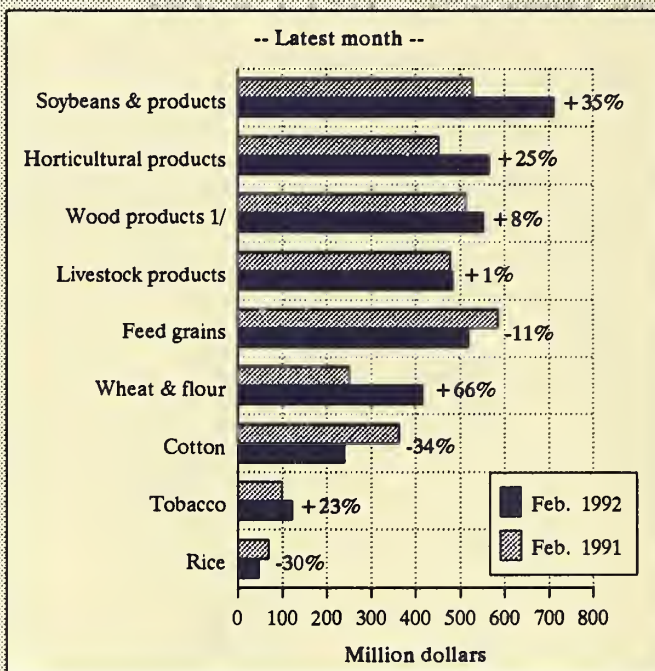
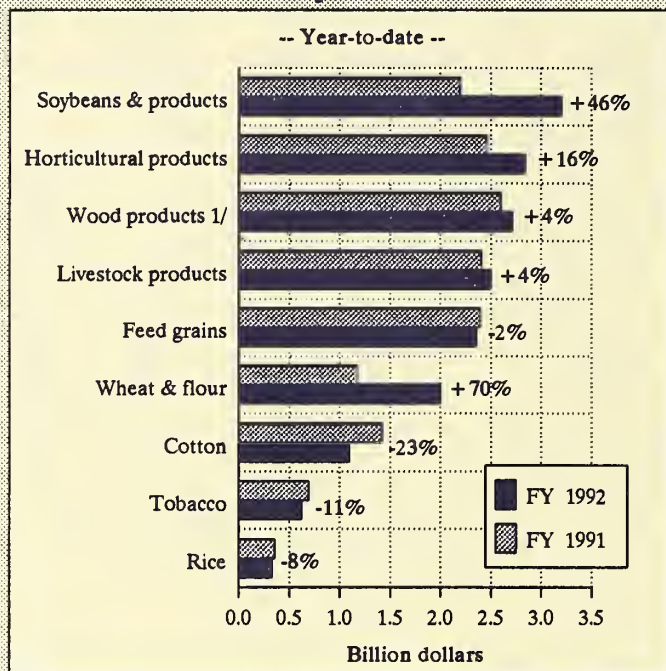
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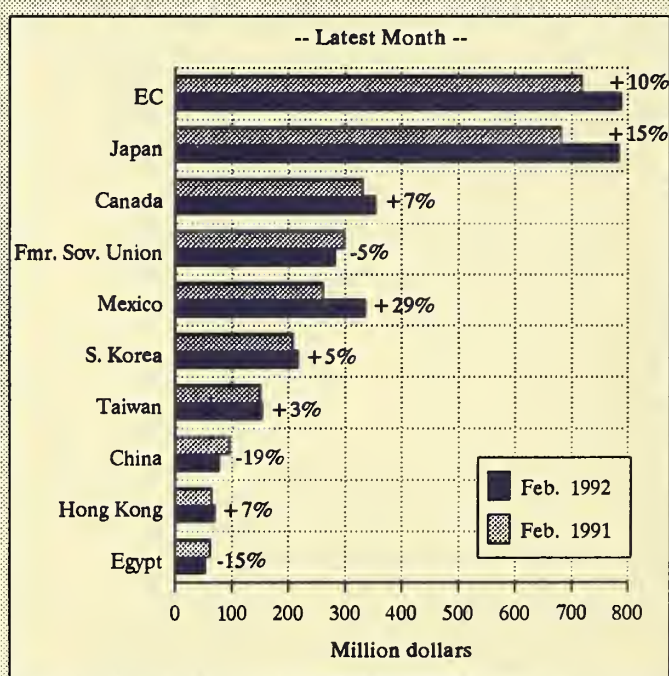
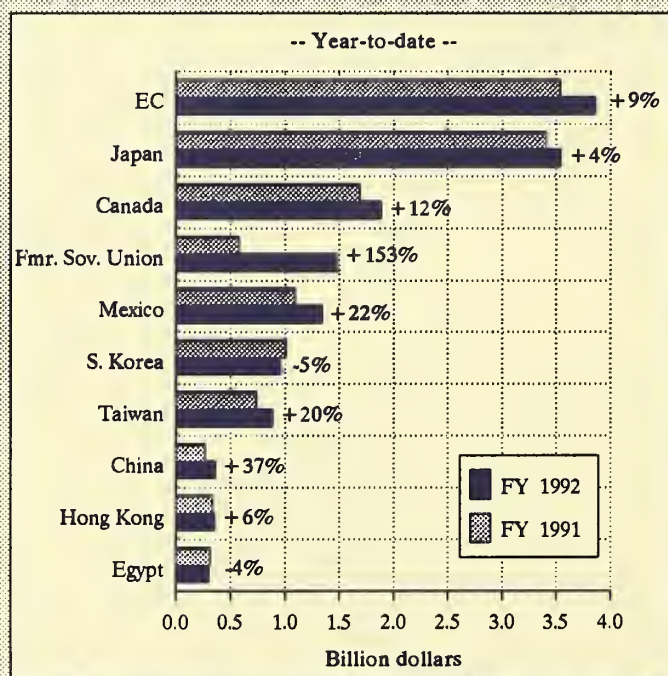
U.S. Agricultural Export Summaries

October-February and Latest Month Comparisons

Product Summary



Top Ten Markets Summary



Note: Percentages are computed as the change from a year ago.

1/ Not included in agricultural totals.

Commodity Highlights

February exports of agricultural products rose to \$3.85 billion, the highest February on record, and 11 percent higher than last February. Significant increases occurred in sales of wheat, soybean, and horticultural products.

Wheat and wheat flour sales of \$416 million continue a recent growth trend, increasing 66 percent on a 27-percent volume rise. Expected tighter supplies of U.S. wheat for the rest of the 1991/92 marketing year continue to exert upward pressure on prices. The former Soviet Union accounted for \$77 million of the \$166-million increase over last February. Other notable gains occurred in sales to Pakistan, China, and Korea, up \$49 million, \$20 million, and \$12 million, respectively. During the first 5 months of fiscal 1992, wheat and wheat flour exports have grown 70 percent in value on a 63-percent rise in volume, compared with the same period in 1991.

Exports of *feed grains* declined in February to \$519 million, down from \$585 million from last year. While value fell 11 percent, volume declined 16 percent. The most significant sales decreases from a year ago occurred to the former Soviet Union, down \$105 million, Taiwan and Spain, down \$22 million and \$18 million, respectively. The only notable gains were a \$67-million rise to Japan, and a \$19-million increase to Mexico. So far this fiscal year, feed grain sales are down 2 percent on a 6-percent fall in volume.

Soybean and product exports continued to increase in February, rising to \$712 million compared with \$528 million last February. This 35-percent gain in value was matched by a similar increase in volume leaving overall unit values about the same as last year. Four markets were responsible for virtually all of the increase--the EC, Mexico, Venezuela, and Japan, up \$71 million, \$28 million, \$20 million, and \$17 million, respectively.

The year-to-date exports for fiscal 1992 are 43 percent ahead in value and 47 percent higher in volume over the same period last year.

U.S. *rice exports* fell 30 percent in February to \$48 million on a 43-percent decline in volume. While moderate sales declines were widespread, much of the \$20-million drop is attributable to an \$8-million sales decline to Brazil, as well as lower sales to the EC and South Africa. Low worldwide rice stocks continue to exert upward pressure on prices. While year to date value is off by 8 percent, volume is 20 percent lower than the same period last year.

At \$565 million, *horticultural exports* during February continued to grow, rising a strong 26 percent in value on a 28-percent rise in volume over last year. While sales increased in a large number of markets, just over half the \$118-million growth over last February occurred in shipments to the EC and Japan, which were up \$39 million and \$23 million, respectively. During the first 5 months of fiscal 1992, horticultural exports continue their record setting pace and are running 16 percent higher in value at more than \$2.8 billion.

February sales of *unmanufactured tobacco* rose 23 percent, or \$23 million to \$122 million. Sales to Korea and Turkey led all gains, up \$8 million each, followed closely by Thailand with a gain of \$7 million. The Dominican Republic bought \$4 million less in February and was the only notable market with lower sales. Year-to-date exports of unmanufactured tobacco are down 11-percent to \$622

million, on a volume decrease of about 6-percent.

Exports of *cotton* in February were down 34 percent to \$241 million on a 24-percent decline in volume. The decline in unit values reflect increased competition due to higher world production. Of the \$121 million overall decline, the most notable occurred to China, off \$38 million; Egypt, \$23 million lower; the EC, down by \$19 million; followed by Japan and Mexico, off \$13 million and \$9 million, respectively. Sales to Hong Kong were the only exception, gaining \$4 million to reach \$14 million. Year-to-date sales are 19 percent below last year's pace, on a 13-percent volume decline.

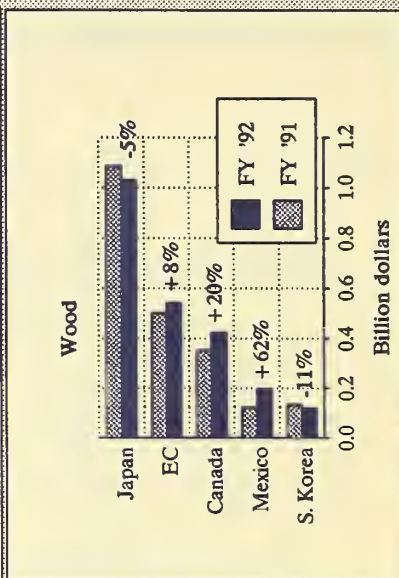
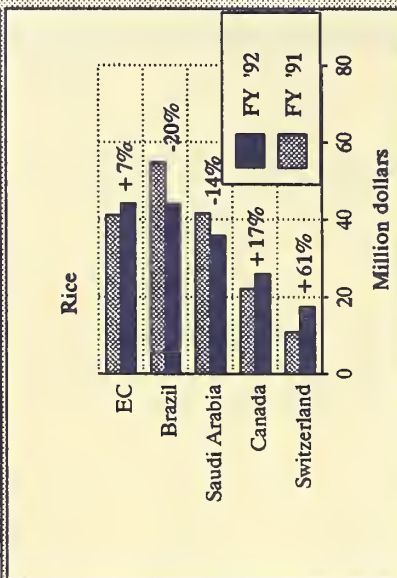
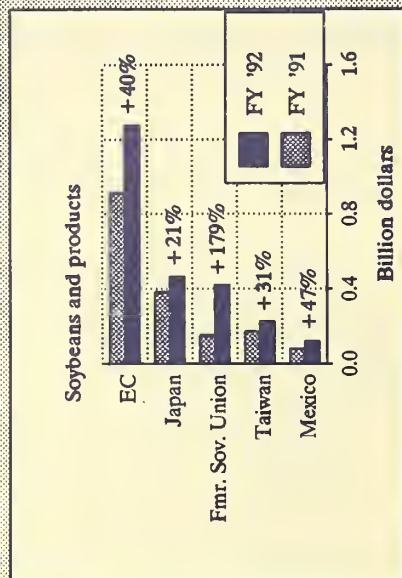
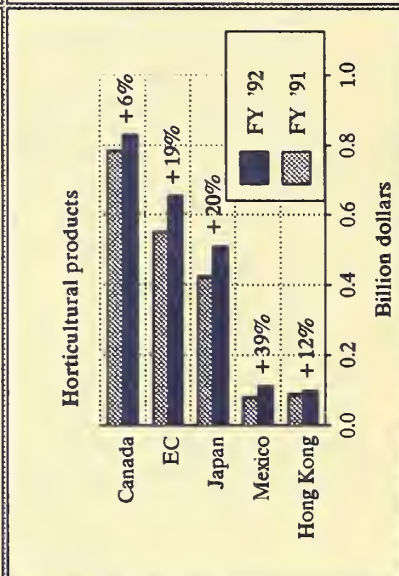
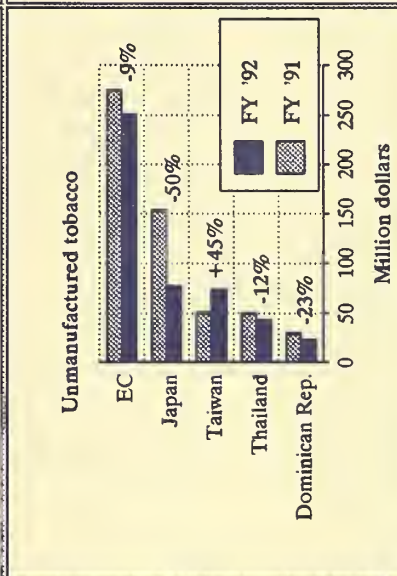
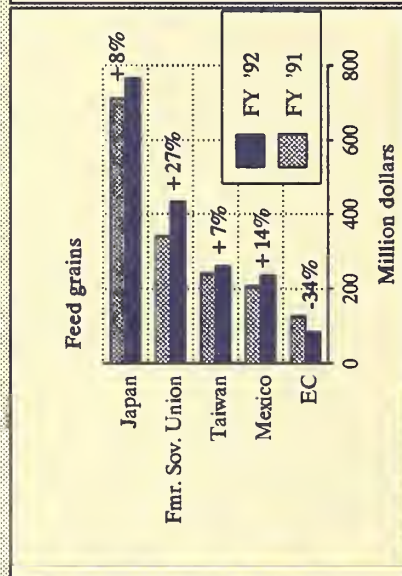
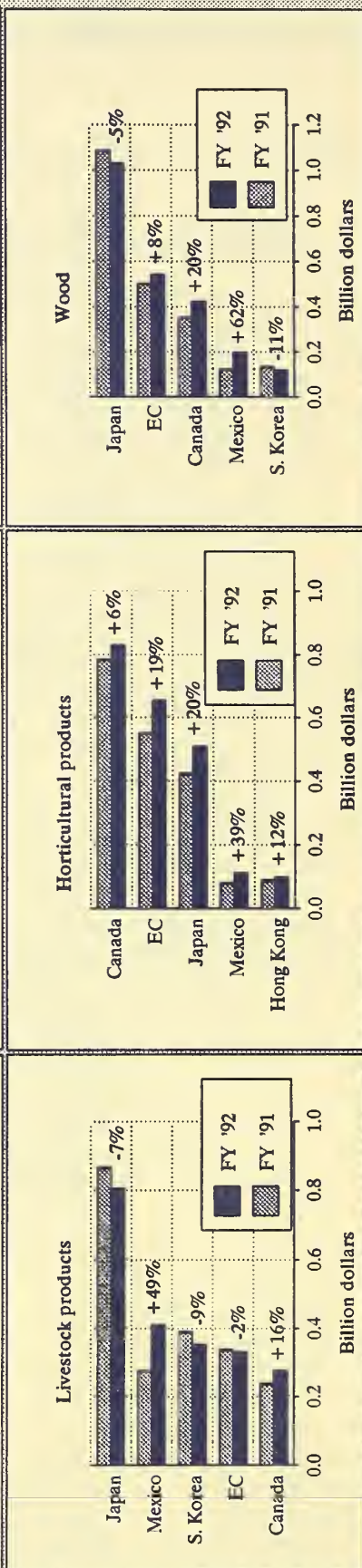
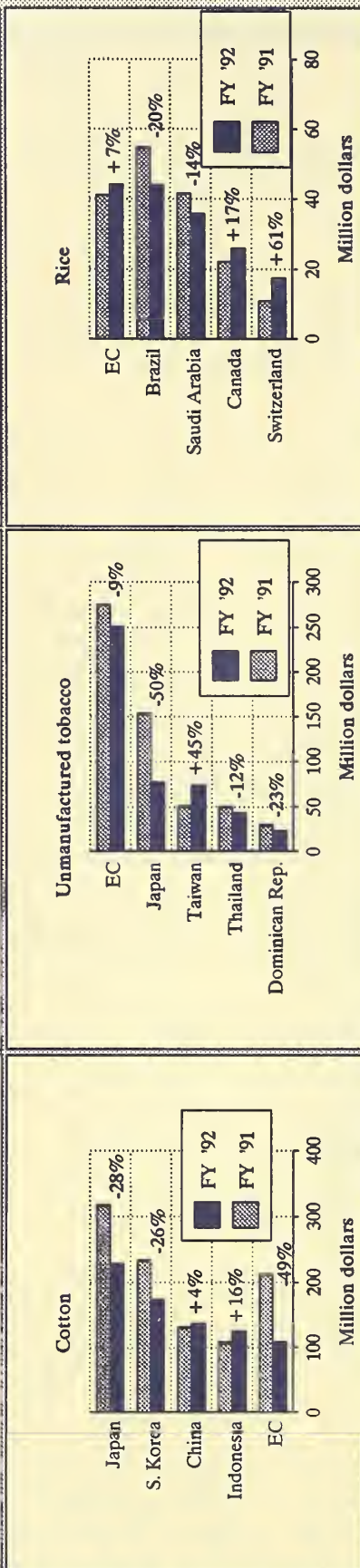
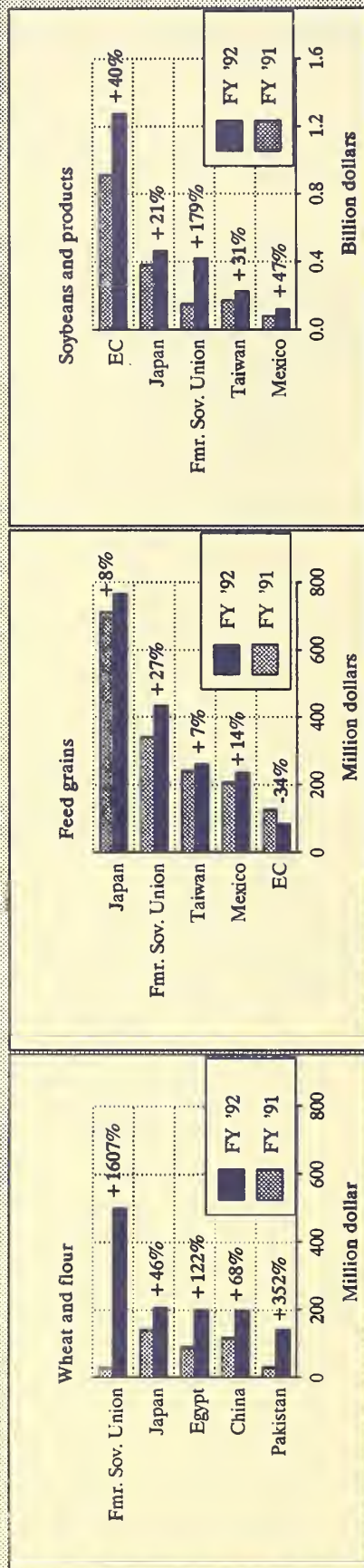
Livestock and product exports for February were up a marginal 1 percent to \$483 million. The small \$6-million increase in sales masks larger movements in different markets. Sales to Mexico and Canada were up \$19 million and \$4 million respectively, while declines occurred in exports to Korea and Japan, down \$15 million and \$8 million, respectively. Sales in most other markets were either flat or up slightly. Year-to-date livestock and product exports are up \$85 million, or percent from the same period last year.

Sales of *wood products* in February increased 8 percent to \$552 million. Exports to Japan, the largest U.S. wood market, were roughly unchanged at \$221 million. Major markets showing gains were the EC, Mexico, and Canada, up \$19 million, \$17 million, and \$11 million, respectively. There were no significant sales declines to any market. Year-to-date wood exports are running about 4 percent ahead of last year's record pace at \$2.7 billion.

For more information, contact Tom St. Clair at (202) 720-6821

Top Five Markets for Major U.S. Commodities

October-February Comparisons



Note: Percentages are computed as the change from fiscal 1991 to fiscal 1992 cumulative totals.
 1/ Negligible exports reported during comparable period last year.

Country Spotlight: The United Kingdom



In spite of weak economic growth in Britain during the last 2 years, U.S. agricultural exports to this EC market grew 3 percent in 1990, and a rousing 16 percent in 1991, to \$884 million. This figure made the United Kingdom the tenth largest market for U.S. agricultural products, and the fourth largest in the EC.

As would be expected, other EC suppliers dominate the British market, representing about two-thirds of all agricultural imports. While the United States has about a 5-percent overall market share in agricultural trade, almost one-third of this business is in fruit and vegetable sales--one of the fastest growing segments of the market.

The United States' major competitors in the U.K. market come from other EC countries, especially France, Germany, Holland, Denmark, and Ireland, as well as the more traditional Mediterranean and Southern Hemisphere suppliers--Israel, South Africa, Australia, and

New Zealand. These competitors' major promotional efforts are focused on consumer-oriented high-value products such as dairy products, preserves, bakery products, fresh fruits and vegetables, dried fruits and vegetables, meat and meat products, confectionery, and national food specialties. They also participate in national and international trade and consumer exhibitions, in-store promotions, menu promotions, TV, radio and print advertising, and distribution of point of sale materials, recipe and educational leaflets.

An additional competitor to U.S. agricultural products is "Food from Britain," a domestic organization aiming to improve the marketing of U.K. produce both at home and abroad. This organization will receive \$6.5 million in 1992/1993 from the government to encourage consumers to buy British produce, as well as an additional 1 pound sterling for every 3 contributed by industry in the preceding financial year.

Today's U.K. consumer is becoming increasingly sophisticated, discerning and cosmopolitan. Demand is growing for up-market, specialty foods--premium foods with correspondingly premium price tags. Changes in consumer lifestyles have led to the success of premium foods beyond the delicatessen or specialty store, and into the multiple supermarket. Convenience foods such as micro-

wave meals continue to gain in popularity.

As a general rule, all trade end users (retailers, wholesalers and manufacturers, profit and non-profit caterers) use an import agent to handle their imported food requirements. Many import agents have in-house capabilities for distribution and storage.

Major multiple retailers continue to control the UK grocery market. In 1990 the top five major multiples (Sainsbury, Tesco, Gateway, Argyll, and ASDA) controlled 60 percent of the grocery market. Other major national retail grocery chains include Co-op, Iceland, Kwiksaver, Wm. Low/Budgen and Marks & Spencer (food halls within department stores).

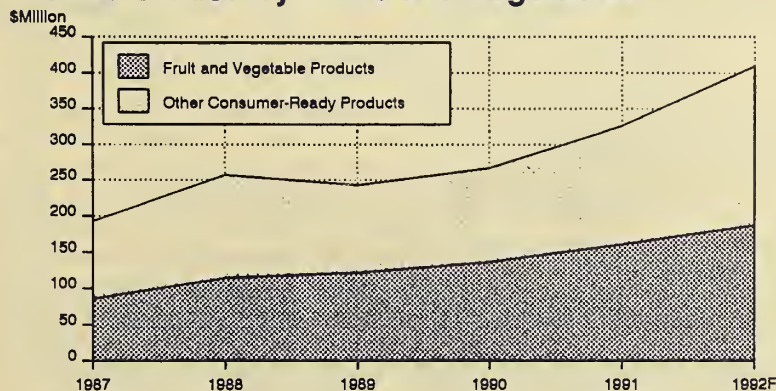
The advent of the 1992 single European market at the end of this year will not only increase the level of competition, it will also increase the opportunity for greater sales. This prospect underlines the importance of creating and retaining consumer awareness of the unique qualities of many U.S. products. This can be accomplished by focusing more promotional efforts at both the retail and trade levels. Media and press advertising should be continued by the various cooperator groups, backed by in-store demonstrations and promotions.

The best opportunities for U.S. exporters exist in the following product areas: Fresh fruits and vegetables, including organic fresh produce, microwaveable foods, ethnic foods, frozen foods, dehydrated and freeze dried foods, ingredients for soup manufacturing, health foods; dried fruit and nuts, wines, breakfast cereals, and snack foods.

For more information, contact Tom St. Clair at (202) 720-6821

Interested in exporting to the U.K.?
Contact James P. Rudbeck, FAS
Counselor. Tel.: (011-44-71) 499-
9000, FAX: (011-44-71) 409-2019

Strong Growth in U.S. Consumer-Ready Exports to the UK Led by Fruits and Vegetables



Product Spotlight: Berries

Agricultural Trade Highlights' product spotlight continues this month with a look at a growing U.S. horticultural export--fresh and processed berries. As world demand for horticultural products has grown steadily, so has the demand for these tasty fruits. Since 1987, U.S. berry exports have nearly tripled, reaching \$130 million in fiscal 1991, and are expected to reach \$200 million by the mid-1990's.

They're berry, berry good on the world export market--U.S. berries, that is. In fiscal 1991, U.S. berry exports reached a record high of \$130 million. That caps a sharp rise in berry exports from \$48 million in 1985. Among those markets registering the sharpest gains have been Canada, Germany, United Kingdom, Belgium-Luxembourg, Italy, Mexico, Singapore, and Taiwan. And, so far this year, berry exports are up 9 percent over year-earlier levels. At this pace it is estimated that exports could reach \$200 million by the mid-1990's.

World trade in berries from 1985 to 1990 grew two and one half times to \$658 million according to FAO statistics. U.S. berry exports grew faster than world berry trade--growing more than 3 times in the same time period. As a result, the U.S. world market share of berry trade grew to 14 percent--up from 10 percent. In addition to the United States, the other major players in berry trade are the European Community which dominates world trade at 71 percent and Canada which lost market share--slipping from 7 to 4 percent.

A rose may be a rose by any other name, but a berry is not. The berry market is divided into distinctive product segments, such as strawberries, blueberries, and cranberries. Other segmenting factors are whether berries are fresh or frozen, buyer use, demographics of the importing country, time/distance factors for fresh berries, market entry costs, culture-based consumer taste preferences, and non-tariff trade

barriers such as phytosanitary regulations.

Strawberries

Strawberries have consistently represented about 70 percent of the United States' berry exports. Overseas sales have tripled from 1987 to 1991, rising from \$29 million to \$91 million. The rise in exports is probably overstated because of under reporting of exports to Canada prior to 1990. Even so, strawberries showed strong growth of 14 percent between 1990 and 1991. Over three quarters of U.S. strawberry production comes from California, while 9 percent comes from Florida, according to U.S. agricultural statistics.

In world strawberry trade, the most recent 1990 FAO data reveals that the European Community is the dominant competitor with 80-percent of world trade, while the United States is second with 13 percent, up from 9 percent in 1985.

A closer look at EC countries reveals a change in leading EC exporters. In 1985, Italy was the dominant EC trader, accounting for 37 percent of world trade or \$78 million, while Spain was second with a world trade share of 24 percent, or \$51 million. However, the recent development of a Spanish strawberry industry has led to a reversal of positions. By 1990, Spain was the leading EC exporter with a world market share of 39 percent worth \$222 million, while Italy lost market share falling to 18 percent (\$101 million).

According to the California Strawberry Advisory Board, a trade association of California strawberry growers, U.S. strawberries domi-

nated the European import market a decade ago. However, transfer of strawberry growing technology and "borrowing" of patented varieties of U.S. strawberry varieties by Spanish growers led to the development of the Spanish strawberry industry. This led to Spanish dominance of the early season European strawberry market.

The strawberry market has 2 product segments--fresh and frozen. For the United States, fresh strawberries represent more than 80 percent of the value of strawberry shipments. In 1991, fresh strawberry exports totaled \$76 million, up from just \$24 million in 1987.

The primary market for U.S. fresh strawberries is Canada, purchasing 69 percent (\$52 million) of exports in 1991. This is not surprising because of the proximity of Canada, similarities in culture, economic development, and food distribution system. The end use of fresh strawberries is similar to that in the United States--home consumption. For all practical purposes, the United States strawberry trade considers Canada identical to the U.S. market.

Japan is the second largest importer of fresh strawberries, purchasing 21 percent (\$16 million) of U.S. exports in 1991. However, the Japanese strawberry market is completely different from the U.S. or Canadian market. Japanese consumer quality standards are among the world's highest. Exporters such as Dole or Driscoll note the painstaking adherence to product quality that is required for Japanese sales.

In addition, the end use of imported strawberries is completely different from that in the United States. They are almost exclusively used by the confectionery market. Small American berries are heavily sugared and placed on top of cakes--one per slice. Driscoll, the giant California strawberry producer, reports that Driscoll Strawberries landed on over one-half million cakes in one year.

...Berries

Consumer research by the California Strawberry Board reveals a high potential for strawberry sales in Japan. Japanese consumers love strawberries but find that American strawberries are not as sweet as domestic varieties. They also prefer smaller berries. The gift fruit market is virtually untapped although small direct purchases by Japanese corporations of stemmed strawberries for gifts have been reported.

In addition to differences in consumer preferences, Japan also places high restrictions on imports of fresh fruit. Strict phytosanitary rules which require fumigation, combined with minimal chemical residue limits are barriers to increased sales. This, in effect, limits exports to the confectionery market. American exporters generally feel that these restrictions are not scientifically justified and prevent the best quality berries from being shipped to Japan. Even so, according to the California Strawberry Board, 97 percent of Japanese fresh strawberry imports are from the United States.

The third largest market for fresh strawberries is the European Community. The United Kingdom, Germany, and Italy take the bulk of EC shipments. California strawberries go to the United Kingdom year round, while shipments to Germany and France are limited to seasonal niche markets after the Spanish season ends. Overall exports to the EC have increased by 58 percent between 1990 and 1991. Even more impressive is the growth in exports to Italy, which have grown exponentially from \$6,000 to nearly \$600,000 between 1987 and 1991.

In the Pacific Rim, Hong Kong and Singapore represent untapped potential. Modest amounts of fresh strawberries in the quarter-million dollar range were exported to each last year. The 2 markets have an interesting consumption pattern. A substantial amount of the strawberries shipped are used to restock cruise ships and supply tourist hotels

with the balance going to the local population. Strawberry marketers feel that this is the quickest way to develop an export market. They feel confident that the middle class domestic market will evolve later as it adopts food products introduced by the tourist trade.

Counter seasonal niche marketing in Australia is another market for U.S. strawberries. Exports to Australia reached \$1.6 million in 1991 despite Australian phytosanitary restrictions. However, U.S. sales may be limited to its counter seasonal niche because of the high cost differential compared with Australian domestic strawberries. The California Strawberry Board estimates that Australian domestic strawberries retail at less than \$1 a pound while U.S. strawberries are priced between \$9 and \$14 a pound, thereby limiting its growth potential.

What's the newest fast-growing market for strawberries? According to strawberry marketers, it's Mexico. Mexico has the demographic profile to be a great market. As economic reforms go into effect, a large middle class with growing incomes and consumption demands sits only a half day away from the strawberry fields of California. Driscoll reports rapid growth in demand in the last 2 years and U.S. trade data supports industry observations. Fresh strawberry exports to Mexico have increased

ten-fold since 1988 with sales totaling \$500,000 in 1991. The U.S. strawberry industry expects sales to continue to increase.

Frozen strawberries are a different product segment. In 1991, \$16 million of frozen strawberries were sent abroad. Canada and Japan bought 90 percent of the shipments. However, the proportions of export share are reversed from fresh strawberries—Canada received 23 percent of frozen strawberries, while two thirds went to Japan. Australia is a distant third, consuming 6 percent of the frozen strawberries.

Japan and Australia use their frozen purchases for industrial processing into jam or as filling for bakery or yogurt products. The jam market is a mature market with few prospects for growth according to the California Strawberry Board. Consequently, research is under way to find other uses for frozen strawberries. One area being targeted is the food service industry in Japan. Another area with great potential are frozen fruit beverages. It is hoped that frozen strawberries will have wide appeal in uses from bar drinks to health beverages such as yogurt drinks. According to the Strawberry Board, the United States has 44 percent of the total Japanese frozen strawberry import market.

Differences in Quality Perception

What Americans view as the traits for high-quality berries are not universally shared. Exporting what is considered from the U.S. perspective as top quality may not be viewed the same way by other cultures. For example, the Strawberry Board discovered Japanese consumers prefer a smaller, sweeter berry of a slightly different color. Since the native Japanese strawberry is white to orange inside, it produces a light red colored jam.

American strawberries by contrast have been bred to be bright red throughout, which matches the American consumer preference for bright red strawberries. When cooked, the American strawberry gets even redder. The Japanese consumer seeing the bright red American strawberry jams thinks artificial coloring has been added. In fact, the unsolicited comment by Japanese buyers of American strawberries has been a request to stop dyeing them.

...Berries

Blueberries

Blueberries are a distant second to strawberries in U.S. shipments overseas--representing 19 percent of total berry exports in 1991, and have fluctuated between 15 and 22 percent since 1987. This has been credited in part to weather-related production disruption. Actual growth in U.S. blueberry exports has probably been overstated because Canadian blueberries shipped to the United States for processing at peak harvest time are listed as U.S. exports to Canada. Nonetheless, while exports fluctuated from year to year, there appears to be a definite overall upward trend. In 1991, the United States exported \$24 million of fresh and frozen blueberries--up \$14 million from 1987.

In world trade, the United States is the market leader. U.S. blueberry exports have grown faster than world trade resulting in expansion of the U.S. share of global trade from 40 percent in 1985 to 48 percent in 1990, according to FAO data. The closest competitors on the world market are Canada (29-percent market share) and the European Com-

munity (17-percent market share). Within the EC, the Netherlands is the largest supplier. The main source of competition for the U.S. is not other exporting countries, but price competition from substitute fruits. Another form of competition is intra industry competition. From the experience of the Michigan Blueberry Growers Association, once a new export market has been developed, fierce price competition among American growers breaks out. This may retard increases in value, but not volume of sales.

As with strawberries, the blueberry trade is segmented into two distinct products--fresh and frozen. Fresh blueberries come from cultivated blueberries. They are large berries and relatively sweet. Frozen blueberries come from wild blueberries which are small, tart, and almost exclusively from New England. In contrast to strawberries which have world-wide appeal, blueberry sales are highly concentrated, with 94 percent going to 2 markets--Canada (51 percent) and the European Community (43 percent).

There is a clear market delineation between fresh and frozen blueber-

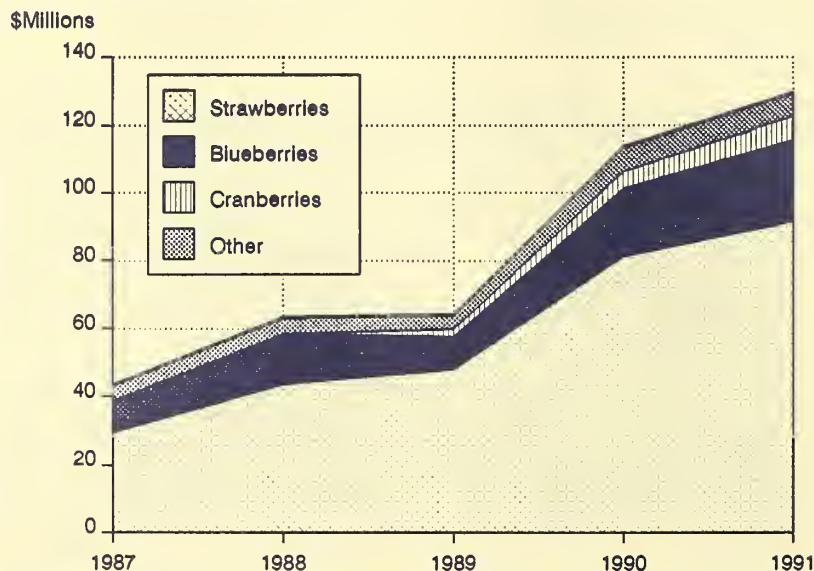
ries. Fresh ones are exported to Canada, the United Kingdom, and Italy. The Italian market was developed by the Michigan Blueberry Growers Association, which discovered that fresh blueberries are purchased for home consumption.

According to Peter Holbein of the North American Blueberry Council, 75 percent of frozen blueberries are used for bakery products with the remainder used for the jam, yogurt, and "glass jar" trade. In Europe, especially Germany, blueberries have consistently ranked in the top three in consumer taste preference for jam, yogurt, and the "glass jar" trade. The "glass jar" trade in Germany is the processing of blueberries into a topping for ice cream. A blueberry product not seen in the United States is the quirk, which is a mixture of cottage cheese and blueberries. This is a relatively new product which has appeared in Germany.

Japan is the only other significant market for blueberries--sales to this Asian market have been stable at roughly \$1 million, which represents just 4 percent of total shipments. Blueberries are used as filling for bakery items, and fresh blueberries are used by the confectionery industry in the same way strawberries are used.

The blueberry industry believes that its exports face cultural barriers that are stronger than any trade, distance, and cost barriers. Successful export marketing has only occurred in countries that have domestic blueberries, which indicates that they are part of the culinary culture. Efforts to market blueberries in cultures where they are not known, such as with the Hispanic population in the United States have not been successful. Consequently, the industry does not see Mexico as a promising market, although there does appear to be limited potential in the hotel tourist trade. Similarly, Pacific Rim countries such as Singapore and Hong Kong are viewed as potential markets for their tourist trade.

Rapidly Growing U.S. Berry Exports Dominated by Strawberries



...Berries

However, this industry view is not universally shared. Oregon berry marketers view the Pacific Rim nations as promising markets with taste preferences to be cultivated.

The industry views Eastern Europe as the best potential export market of the future. It meets the blueberry cultural familiarity test. Poland and Czechoslovakia are familiar with the blueberry's cousin, the bill berry. The North American Blueberry Council's Peter Holbein reasons that as the economies begin to stabilize blueberries will be the first and most affordable luxury item for eastern Europeans.

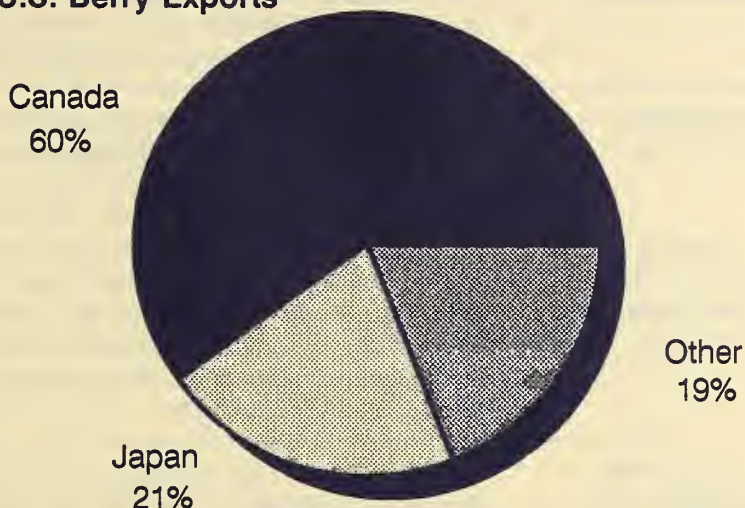
Cranberries

Cranberries, with 5 percent of 1991 berry shipments, are a distant third as a proportion of U.S. berry exports. They are a different product from other berries because they cannot be consumed raw. Of total U.S. cranberry production, 85 percent goes to the Ocean Spray cranberry cooperative. Last year four fifths of cranberry shipments went to Canada or the United Kingdom. Total fresh cranberry exports in fiscal 1991 were \$7 million. According to Ocean Spray, most exports are shipped in the form of juice concentrate. A limited amount are exported to Canada and the United Kingdom for use in sauces. Germany imports cranberries as an ingredient for a condiment which is a mixture of cranberries and loganberries. Belgium uses them for pates, and Italy uses cranberries for confections.

Ocean Spray views the juice market as their target export market. This market is highly developed and competitive in Western Europe and Japan. Consequently, Ocean Spray feels that the high entry costs do not warrant expansion beyond the current markets in the United Kingdom, Germany, and Belgium.

Cranberry juice drinks are drinks that do not have universal appeal, and require a sophisticated marketing program to successfully intro-

Canada and Japan Purchase Largest Share of U.S. Berry Exports



duce. Ocean Spray refers to cranberry juice drinks as adult fruit drinks which are an acquired taste.

Another constraining factor in shipping abroad is domestic production. Cranberry production has fallen below predictions in the last several years and increases in acreage are constrained by national wetlands regulation. In addition, strong domestic demand for cranberry products has reduced available supply for exports.

Because juice markets are the focus, Ocean Spray has been looking at markets with low entry costs. In this context, Mexico is viewed as an excellent market. In Mexico, the juice market is dominated by two national juice companies, and with trade liberalization, there is an excellent opportunity to enter. Ocean Spray believes that new products such as cranberry based juices should do well. It also sees Mexico as a market with unusually low marketing costs since the juice industry is highly concentrated, and the majority of middle class consumers are concentrated in three cities--Mexico City, Monterrey, and Guadalajara. Concentrated markets means that

cheaper local media such as radio can be used in lieu of a more expensive and less efficient national media campaign.

Last years' \$129 million of U.S. berry exports was a record. FAS estimates that if present trends continue, U.S. berry exports could reach \$200 million by the mid-1990's. Numerous potential new markets are on the horizon. This would be a welcome diversification from the current highly concentrated market where 90 percent of berries go to Canada, Japan, Germany and the United Kingdom. Strawberries are by far the most popular berry. Export constraints are primarily phytosanitary issues. Blueberries and cranberries have consumer taste barriers to overcome, and cranberries have production constraints to rapidly expand exports. Thus, entry into new markets for those berries may initially be through the tourist trade.

The door is open to new world berry markets. Success, according to industry veteran Peter Holbein, rests on promotion, consistent supply, and a good distributor.

For more information, contact Robert Tse at (202) 720-1294

Trade Policy Updates

OPIC Signs Agreements With Russia and Armenia

On April 7, the Overseas Private Investment Corporation (OPIC) signed an agreement with Russia that insures U.S. investors against risk in establishing ventures. This is OPIC's second such agreement, the first having been signed with Armenia on April 2. According to OPIC officials, U.S. firms had already indicated interest in investing almost \$3.5 billion in the republics, pending availability of OPIC insurance.

MFN For Armenia

Armenia is the first of the C.I.S. republics to receive a most-favored-nation U.S. tariff status following the April 2 signing of a bilateral trade agreement. Similar trade agreements are expected to be negotiated with Russia and the other C.I.S. republics.

Czechoslovakia, Hungary, and Poland to Establish Trilateral Free Trade Area (FTA)

On April 8, Czechoslovakia, Hungary, and Poland, indicated that they expect to conclude a trilateral FTA agreement by July 1, 1992. The agreement, to cover a market of 63 million people, would be the first such economic initiative in Central and Eastern Europe. The agreement would cover most trade among the three countries and call for the progressive removal of tariff and non-tariff barriers, with the schedule depending on perceived import sensitivity.

Sweden Signs Free Trade Agreements With the Baltic States

On March 31, Sweden initialed a free trade and investment protection agreement with Estonia. Similar agreements were concluded with Latvia and Lithuania on March 10 and March 17, respectively. The agreements call for the abolition of customs duties and quantitative restrictions on industrial goods and a number of agricultural products. Agricultural and forestry products have been temporarily excluded from the agreement with Latvia, though an understanding on agriculture is expected in the near future. In addition to promoting trade among the countries, the agreements should foster the Baltics' integration into the world economy and their membership in the GATT.

South African Government Considering Raising Tariffs on Poultry

The Government of South Africa has been petitioned by the South African Poultry Association to increase tariffs on imports of frozen whole birds and poultry parts. Domestic producers feel that increased protection is required to compete against imports of subsidized poultry products from the EC. The U.S. Agricultural Counselor has registered opposition to tariff increases, citing the negative impact on U.S. poultry products, which are not subsidized. In addition, such actions are contrary to the current efforts of the GATT Uruguay Round.

Egypt Seeks GATT Waiver for Agricultural Products

The Government of Egypt (GOE) recently expressed its desire for a GATT waiver to remove tariff bindings on some agricultural products. The waiver would be in effect while the GOE converts its current tariff schedule to the Harmonized System. GATT Contracting Parties decided to defer approval of the waiver until the May 15 session. It is not yet known for which agricultural product bindings the GOE wants waivers. If the waiver is accepted, the United States and other contracting parties will then be ready to demand compensation for any potential trade loss.

Consultations Held With Canada on Freight Subsidies for Alfalfa Exports

Informal consultations between Canada and the United States took place on April 10, in Ottawa. In these consultations, the United States presented the damage caused in Asian markets, primarily Japan, by Canada's Western Grain Transportation Act (WGTA) freight subsidies for alfalfa products, and requested that Canada remove alfalfa products from the eligibility list for the WGTA subsidy. The Canadians noted the U.S. concern, but indicated that there was nothing substantive that could be offered at that time. However, they indicated that the current review of Canadian freight policies will be discussed at a meeting of Federal and Provincial Agriculture Ministers in May, at which time the direction of reform may become clear.

...Trade Policy Updates

U.S.-Korea Presidents' Economic Initiative

During President Bush's January visit to Korea, he and President Roh announced their Presidents' Economic Initiative (PEI). The objective of the PEI is to study the ways Koreans and Americans do business together and to recommend ways to improve the process, thereby strengthening the Korea-American economic partnership. The form and scope of the PEI was agreed upon at a Feb. 24, 1992 U.S.-Korean Economic Sub-cabinet Consultation and joint working groups were subsequently established. Each group is to prepare a preliminary report describing its system. The reports will then be exchanged. A period of consultations will follow to allow for comments and clarification, and an exchange of the finalized reports.

U.S. Growers Display Rice in Japan

After some informal negotiations between the U.S. Agricultural Office in Tokyo and Japan's Ministry of Agriculture (MAFF), U.S. rice growers were finally allowed to exhibit 264 pounds of their product, for "educational" purposes, at the Great American Food Show, which opened in Tokyo in the week of April 13. This arrangement prevented a recurrence of an incident last year in which members of the U.S. Rice Millers Association were threatened with arrest for displaying rice at a food show.

EC Increases Additional Levy Imposed on Imports of Dried Egg Yolk

At its March 20 meeting, the EC's Management Committee for Poultry Meat and Eggs increased the additional levy on imports of dried egg yolks from the United States to 120 ECU/100 KG (\$.67/LB). An additional levy of 100 ECU/100 KG (\$.56/LB) on such imports had been in operation since February 21. The additional levy was increased because EC data for February showed that the price at which U.S. dried eggs yolk entered the Netherlands, when added to the basic levy of 161.46 ECU/100 KG (\$.90/LB), remained below the sluice-gate price. A review of the additional levy was to be conducted at the meeting of the Management Committee, scheduled for April 28. The USG has already held consultations with the EC, seeking to eliminate the surcharge.

EC Agricultural Budget Outlined for 1993-1997

The EC Commission's 5-year budget proposal, referred to as "Delors II," seeks to continue limiting the growth in expenditures for the Common Agricultural Policy (CAP) to 74 percent of the EC's annual GNP growth rate, a constraint which was initially adopted in 1988 and is known as the Agricultural Guideline. The Commission estimates that the Agricultural Guideline will increase from 35.3 billion ECU (\$43.5 billion) in 1993 to 39.6 billion ECU (\$48.8 billion) in 1997, representing a growth rate of approximately 2.4 percent per year. This compares with a proposed 5.5 percent per year growth in the overall budget. Due to this differential in projected growth rates, CAP expenditures, as a proportion of the overall EC budget, are expected to continue to decline from approximately 50 percent in 1993, to 42.2 percent in 1997. EC forecasts show actual CAP expenditures, ranging from 34.5 billion ECU (\$42.5 billion) in 1993 to 39 billion ECU (\$48 billion) in 1997, respecting the proposed Agricultural Guideline constraints. In addition to the costs associated with implementing CAP reform, the agricultural budget will include an increase of 1.5 billion ECU (\$1.8 billion) in 1994 to cover the additional costs of German unification and, for the first time, expenditure on certain structural measures (set-aside, early retirement, environment, and afforestation) which had previously fallen under the Structural Fund heading of the budget.

...Trade Policy Updates

Materials Available

- Export Enhancement Program (Reprinted April 1992)
- Comparison of U.S. and EC Support for Agriculture (Revised April 1992)
- Status of Assistance to the Former Soviet Union (March 1992)
- Sunflowerseed Oil Assistance Program and Cottonseed Oil Assistance Program (March 1992)
- Agricultural Trade Policy and Trade for Central and Eastern Europe (Albania, Bulgaria, CSFR, Hungary, Poland, Romania, Yugoslavia) -- March 1992
- Market Promotion Program (MPP) -- Revised February 1992
- The U.S.-EC Enlargement Agreement (Revised January 1992)
- Technical Assistance to the Commonwealth of Independent States (January 1992)
- The Attache Educational Program (December 1991)
- Changes and Opportunities in the Hungarian Food Marketing System (October 1991)

The Trade Policy Updates are prepared monthly by the Trade Assistance and Planning Office, Foreign Agricultural Service, U.S. Department of Agriculture. Interested U.S. parties may send requests for copies of materials listed above to the Trade Assistance and Planning Office, 3101 Park Center Drive, Suite 1103, Alexandria, VA 22302. Tel: (703) 305-2771, FAX: (703) 305-2788.

Market Updates

Australian Shipments to Iraq

Through February of the current July-June year, Australia has shipped 385,000 tons of wheat to Iraq. These shipments account for over 75 percent of reported wheat shipments to Iraq by all exporters through early 1992. The EC shipments account for the balance of exports to Iraq. Iraq is currently forecast to import 1.5 million tons during 1991/92.

Poland's Dairy Production Down in 1991

Poland's 1991 milk production declined 6 percent and a further decline is forecast for 1992. Butter production dropped 27 percent below the 1990 level due to unfavorable prices and high storage costs. Cheese production was off 16 percent and production of non-fat dry milk fell by 20 percent. On the plus side, increased exports to areas of the former Soviet Union resulted in an up-turn in dried whole milk production.

South African Officials Estimate Record Low Corn Production

South Africa's drought-ravaged 1992 corn crop will total only 2.1 million tons, according to the first official estimate from a committee comprised of major cooperatives, the South African Department of Agriculture, and the Maize Board. The 1992 corn harvest, which will begin in April, is expected to be the lowest on record and down sharply from a harvest in excess of 8 million tons last year. Low rainfall and high temperatures in much of the "Maize Triangle" severely reduced yield potential. This year, farmers are expected to retain more corn on farm, delivering only 1 million tons to the Maize Board.

Statistics Canada Forecasts Record Wheat Area

According to Statistics Canada's first farmer survey for 1992, wheat area is forecast to rise 1 percent above last year's record level. Oat sowings are expected to increase 18 percent, while barley, corn, flaxseed, and soybean seedings are forecast marginally lower. Rapeseed planted area is expected to remain unchanged.

Canadian Wheat Sales to Russia Affected By Asian Gypsy Moth

A restriction on vessels of the former Soviet Union from entering Canadian waters could cost Canada as much as 1.2 million tons in potential wheat and barley sales this year. In a move to protect Canadian forests and Vancouver port facilities, Agriculture Canada has prohibited vessels of the former Soviet Union suspected of being infested with Asian Gypsy moths from entering Canadian waters. This ban, in effect until July 31, applies to all ships having called at Siberian ports known to be infested by the insect. This action has resulted in the expulsion or non-acceptance of 20 ships to date. Preliminary estimates indicate that the ban could result in the non-acceptance of up to an additional 50 vessels presently scheduled to call in Vancouver. Last year (August-July basis) Canada exported 7.2 million tons of wheat to the former Soviet Union. Canada has exported 1.6 million tons of wheat to the former Soviet Union through January 1992 of the 1991/92 August-July year.

Canada Funds Fish Promotion Efforts for Japanese Market

Upon returning from a recent trip to Japan, Canada's minister of fisheries and oceans has announced a plan to spend \$1.5 million over the next 2 years to promote clam sales in the Japanese market. The effort is part of a strategy to expand the exports of under-utilized species in Canada. Also included in the campaign are Arctic mountain trout, grenadier cod, Greenland halibut and other species. Canada is the world's second largest exporter of fishery products to Japan, with exports valued at more than \$500 million in 1990. U.S. exports of edible fisheries products to Japan in 1990 were \$1.8 billion.

U.S. Donates Agricultural Commodities to Byelarus

On March 24, Secretary of Agriculture Edward Madigan announced the U.S. Department of Agriculture will donate 3,550 tons of U.S. agricultural commodities to Citihope International for distribution to needy people in Byelarus, a new independent republic of the former Soviet Union.

...Market Updates

Japan Liberalizes Orange Juice Market

On April 1, Japan lifted its long-standing quota system for orange juice in accordance with the U.S.-Japan Beef and Citrus Agreement of 1988. Although Brazil is expected to continue to be the leading supplier to Japan, the United States also should make important gains in the Japanese orange juice market. Recent reports indicate that the high quality of U.S. orange juice is increasingly attracting Japanese bottlers and distributors. Annual per capita consumption of orange juice in Japan is currently estimated at only 2.5 liters, compared to about 20 liters in the United States. If, as expected, Japanese per capita consumption of orange juice triples by the year 2000, Japanese import requirements would increase from the 1990/91 quota level of 40,000 tons to about 160,000 tons.

Mexican State Authorities Ban U.S. Boxed Beef Into Nuevo Leon

The Mexican State of Nuevo Leon has introduced a beef grading system which effectively bans the importation of boxed beef. As of April 1, 1992, these new regulations only permit grading of carcass beef and exclude regrading of boxed beef. This action raises serious questions about states rights regarding the NAFTA negotiations. Earlier regulations forced boxed beef to be regraded and sold at the controlled price of lower grade beef, making boxed beef sales unprofitable. However, when prices were deregulated, boxed beef prices and trade resumed. This renewed action against imported beef is related to recent problems encountered by an influential Mexican cattle breeder in moving breeding cattle to the Houston Livestock show/sale. A call by the U.S. Counsel General on the State Secretary of Agriculture the afternoon of April 1 resulted in assurances that state borders were not closed to U.S. boxed beef. The Counsel General was told that the announcement was "under review."

Mexico Proposes New Plant Health Regulations--Extends Pear Import Permits

This week, Mexico proposed new plant health requirements for most U.S. deciduous fruit, including fumigation, pre-inspection, limited ports of entry and pre-approval of eligible growing areas. The U.S. industry and APHIS are working together to study the proposal and prepare a response. Pears were initially exempted from the Mexican phytosanitary ban imposed on most U.S. fruits in late 1991. The initial exemption expired on March 31. Last week, Mexico reportedly extended import permits for pears until May 31, although later reports called that date into question. APHIS is seeking a clarification from Mexico.

Seed Act Agreement Signed with the U.S. Agency for International Development (USAID)

On March 30, FAS Administrator Duane Acker signed a Seed Act agreement with the U.S. Agency for International Development (USAID) on behalf of the Department of Agriculture (USDA) which provides \$3 million for USDA's technical assistance and training activities in Central and Eastern Europe. The agreement, which comes under the heading of "Agriculture and Agribusiness," stipulates that "subject to the availability of funds" another \$1 million will be made available at a later date. A similar agreement under the "Environmental" heading was delayed by USAID beyond the March 31 deadline. Consequently, those funds will not be available to the USDA at any time soon, and they may even be reduced from the \$1 million level agreed to months ago.

USDA Registers Commodity Sales to the Former Soviet Union Under GSM-102

The USDA began to register sales to 11 of the newly independent states of the former-Soviet Union (excluding Ukraine) for \$250 million in GSM-102 credit guarantees. At the completion of the first day of registration, \$16.67 million of the \$250 million in credit guarantees remained to be registered. Also, the White House announced a major and multilateral package of assistance to the Newly Independent States (NIS) of the former Soviet Union. An additional \$1.1 billion of export credit guarantees is to be made available--\$600 million for Russia and \$500 million for Ukraine, Armenia, and others to be determined. The Russian program is to be branched in four installments beginning May 1. Program information is still needed for the other countries before operational announcements can be issued.

...Market Updates

Largest DEIP Sold to Europeans

M.E. Franks, Inc., the Pennsylvania-based international dairy exporting firm, has recently been purchased by Belgium-based De Eik NV, owner of Ecoval NV, a major supplier of dairy products to Europe and the world. The sale follows the February death of company founder and chairman Melvin E. Franks. M.E. Franks, Inc. was a leading dairy trader and the pioneer of U.S. involvement in international dairy markets and is an active participant in USDA's Dairy Export Incentive Program (DEIP), accounting for 90 percent of the total 37,373 tons of dairy products awarded DEIP bonuses in 1991.

Malaysia Lifts Advertising Ban

Following U.S. representation on April 2, Malaysia informed the U.S. Embassy that the ban on television advertising for Washington apples, California grapes, and U.S. potatoes had been lifted. The ban was initially imposed based on Malaysian "cultural" concerns. Subsequently, however, the Malaysian Government indicated food safety concerns were behind the action. These charges proved to be totally unfounded.

China Bans Imports of U.S. and EC Hog Casings

The Agricultural Counselor in Beijing has confirmed trade rumors that China has "temporarily" restricted the import of hog casings from the United States and the EC due to concerns about Porcine Reproductive and Respiratory Syndrome (PRRS or Mystery Swine Disease). The China Animal and Plant Quarantine Headquarters (CAHQ) said the ban will continue pending CAHQ's study of the disease. FAS is working with APHIS to provide information to CAHQ. United States' exports of hog casings totaled 1,308 tons in 1991 for a total value of \$1.6 million. The United States also imports hog casings (sorted and graded) from China. In 1991, U.S. imports totaled 2,774 tons for a total value of \$6.8 million.

South Africa Tenders for 800,000 Tons of Corn

South Africa has reentered world corn markets for an additional 200,000 tons of optional-origin corn for April delivery. An additional 628,000-ton-tender for May through September delivery is reportedly scheduled for late in April. These tenders, combined with previous reported purchases, would bring total deliveries during 1991/92 to 2 million tons (the current USDA estimate). This is in sharp contrast to South Africa's normal export position just 1 year ago.

U.S. Rice Exports to Peru May Double

Peru, the third largest rice importer in Latin America, is experiencing severe drought conditions and as a result, 1992 rice imports are expected to reach a record 400,000 tons. United States' prices at 10-20 percent over comparable Thailand and Vietnam prices will likely limit U.S. rice exports to only 25 percent of Peru's total import needs. This would still double U.S. rice exports to Peru.

U.S. Action Against Imports of New Zealand Kiwifruit

On April 13, the Department of Commerce announced its final determination on the anti-dumping case against New Zealand kiwifruit. As in its preliminary findings, the Department compared sales of New Zealand kiwifruit sold in Japan to sales of New Zealand kiwifruit sold in the U.S. market to determine whether New Zealand was dumping its kiwifruit in the United States. The final Department determination requires New Zealand to post a bond with the U.S. Customs equal to 98.6 percent of the value of its kiwifruit entries. The ITC must now make a final determination on injury by May 26.

...Market Updates

Euro-Disney Signals Bright Future for U.S. Wine Sales to France

Fueled by a growing curiosity for foreign food products, consumption of U.S. wines continues to rise in France. This interest is expected to continue as a result of the success of a recent country-wide promotion of U.S. food and wine and the opening of Euro-Disney where large scale restaurant promotions of U.S. wines are planned. The wines will be featured in Euro-Disney's restaurants estimated to serve 11 million meals a year to visitors from all over Europe. The promotion potential could easily make Euro-Disney the largest importer of U.S. wine in continental Europe. In spite of limited promotional activity in the past, U.S. wine export sales increased by 250 percent from 1987 to 1991.

Taiwan Relaxes Import Ban on South African Citrus

Effective March 20, Taiwan's Council of Agriculture (COA) will permit annual imports of South African oranges and grapefruit of 100 tons per year. This is the first time imports of non-U.S. citrus have been permitted. Although the impact of this opening on U.S. citrus exports will be minimal in 1992, competition for U.S. citrus and other fruits is expected to increase in the coming years as import liberalization expands. The Taiwan Council of Agriculture indicated this action was just the beginning of liberalization of agricultural imports in line with Taiwan's application for GATT membership.

Brazil Imposes Higher Milk Powder Duties on the EC--Importers Look to the United States

Brazil recently raised its duty on powdered milk imported from the EC from 20 percent to 52 percent to counter subsidized EC milk product imports. The higher duty (applicable for 4 months between April and July 1992) is the first application of a directive contained in the Brazilian Farm Bill that allows such countervailing duties to protect the domestic industry. With the Community out of the supply picture during the period of highest production in the EC, Brazilian importers are looking for new powder suppliers. The Dairy Export Incentive Program (DEIP) currently lists Brazil as eligible for 10,000 tons of milk powder, however, it is reported that Central European sources are significantly undercutting U.S. offers. Last year, Eastern Europe was very aggressive in targeting world markets, often conducting sales at prices well below GATT minimums. An overriding need to generate hard currency was a strong motivation for deeply discounted sales.

Argentine Early Season Corn Sales Surge

Aggressive early season corn sales to countries affected by the drought in the central and southern African region have gotten the Argentine March-February 1992/93 marketing year program off to a strong start. Total exports from the larger-than-expected harvest are forecast up nearly 50 percent from last year's 4 million tons. Exports during the current October-September 1991/92 year of 5.9 million tons (up 1.9 million tons from the previous year) will provide stiff competition for U. S. corn in export markets. Recent sales commitments to all destinations reportedly are over 1 million tons.

Mexico's State of Nuevo Leon to Allow U.S. Boxed Beef

The State of Nuevo Leon will allow trade of U.S. boxed beef through the end of April 1992 while authorities review their ban. In an April 9 meeting between Nuevo Leon beef producers, retail beef traders, and state officials, beef producers claimed they could not compete with boxed beef imports because of high feed costs. At the same time, retail beef traders requested that the state permit importation of USDA Select and Choice grades. The response of beef producers was to request authorities to impose a 17 peso fee per kilogram for "regrading" imported boxed beef (about \$.01/kg, which is the same fee imposed on Mexican producers). Transshipments through Nuevo Leon to other parts of Mexico would not be subject to this fee, according to local producers.

...Market Updates

EC Commission Preserved the Status Quo on Dairy Prices and Production Cuts

The European Commission recently adopted an agricultural price package for the 1992/93 marketing year that freezes prices and levies in most agricultural sectors, including dairy. Reportedly, the package preserves the status quo and was motivated by a desire to minimize the disruption to the CAP reform debate in the EC Council. In the dairy sector, target and intervention prices for all products will remain at the 1991/92 levels on the assumption that the council will extend the milk quota system which expires March 31. As part of the CAP reform package, the Commission had already proposed that the global dairy quota be reduced by 3 percent over the next 3 years, starting with a net 1-percent cut for 1992/93.

EC Dairy Intervention Purchases Down in 1991

The intervention agencies in the EC purchased less butter and non-fat dry milk into government storage in 1991. Public purchases of NDM in 1991 totaled 198,570 tons, 42 percent below the high 1990 levels. Reduced price supports and continued phase-out of animal feed subsidies are principally responsible. Developments in the butter market were similar, where 173,955 tons were sold to intervention compared to 250,280 tons in 1990. With growing sales of imitation products, the Commission continues to stress the need for subsidized disposal of butter on domestic markets. The ice cream and baking sectors are the principal beneficiaries of these programs.

The United States Has Largest Pavilion at Singapore Trade Show

Food and Hotel Asia '92 held in Singapore April 7-10, 1992 was the largest since the event's inception in 1982. This international food and beverage trade show attracted 17 national pavilions and 1300 individual companies. The USA Pavilion, the largest at the show, boasted 69 companies representing a wide range of U.S. food and beverage products. Companies exhibiting at the show reported successfully test marketing 66 new-to-market products, while recording on-site sales of over \$400,000.

Russian Officials to Discuss Commercial and Assistance Programs

The Deputy Chairman of the Russian Humanitarian Commission, Mr. Zhitnikov, was in Washington, D.C. to discuss technical and humanitarian assistance. Mr. Zhitnikov met with officials from the U.S. Department of Agriculture, the State Department, and the U.S. Agency for International Development. Officials from the Russian Agricultural Bank will discuss the Export Credit Guarantee Program (GSM-102) with OGSM and ASCS officials. The Russian Agricultural Bank has not previously participated in the GSM-102 program.

Export Credit Guarantee Program (GSM-102)

Venezuela -- March 27. The USDA increased by \$80 million the amount of operational credit guarantees available to U.S. exporters in connection with sales of U.S. agricultural commodities to Venezuela under the Commodity Credit Corporation's (CCC) Export Credit Guarantee Program (GSM-102) for fiscal year 1992. This action increases the wheat allocation by \$80 million, from \$15 million to \$95 million.

Colombia -- April 6. At the request of Colombian officials, the USDA has reallocated \$5.6 million in credit guarantees in connection with sales of U.S. cotton to Colombia under the Commodity Credit Corporation's (CCC) GSM-102 program for fiscal year 1992. This action increases the cotton line by \$5.6 million, from \$13.1 million to \$18.7 million, and decreases the wheat line from \$45 million to \$39 million.

Egypt -- April 6. The USDA has authorized \$25 million in GSM-102 credit guarantees to U.S. exporters for agricultural commodities to Egypt in fiscal year 1992. Wheat flour is programmed at \$15 million, with \$5 million each for feed grain and wood products. The Egyptian program is targeted to the rapidly developing private import sector.

Mexico -- April 8. The USDA increased by \$50 million the amount of operational credit guarantees to Mexico in connection with sales of U.S. coarse grains to Mexico under CCC's GSM-102 program for fiscal year 1992.

...Market Updates

Brazil Pays \$13 Million in Arrearages to USDA

On April 8, Brazil paid \$13 million in arrearages to the USDA for sales of dairy products and beef. Late interest charges of \$1 million remain unpaid.

The United States Donates Nonfat Dry Milk to Brazil Under Section 416(B)

April 13. The USDA will donate 54 tons of U.S. nonfat dry milk to Brazil. The \$113,000 donation includes \$92,000 in nonfat dry milk and \$21,000 in freight costs. The nonfat dry milk will be used for direct feeding to destitute individuals at established clinics, day-care centers and schools throughout Brazil.

The United States to Provide Food Aid to Suriname

On April 14, USDA Secretary Madigan announced the United States will provide \$8 million in food assistance to Suriname under the Food for Peace Program. The allocation will provide financing for approximately 27,000 tons of feed grains (\$3 million), 15,500 tons of wheat (\$2.5 million) and 5,500 tons of vegetable oil (\$2.5 million).

Food Aid Signed with Costa Rica

On April 14, Secretary Madigan announced the United States will sell Costa Rica \$15 million worth of U.S. wheat under the P.L. 480 Title I Program. The dollar credit agreement will provide financing for approximately 90,000 tons of wheat.

Dairy Export Incentive Program (DEIP)

March 25. USDA accepted bids under the DEIP for 187 tons of nonfat dry milk to Colombia and 16 tons of whole milk powder to Russia.

March 26. USDA accepted a bid for 102 tons of nonfat dry milk to Colombia.

March 30. USDA accepted a bid for 204 tons of nonfat dry milk to Colombia.

April 2. USDA accepted a bid for 9 tons of whole milk powder to Panama.

April 6. USDA accepted a bid for 9 tons of nonfat dry milk to Panama.

April 7. USDA accepted a bid for 36 tons of nonfat dry milk to Colombia.

April 8. USDA accepted bids for 60 tons of nonfat dry milk and 150 tons of whole milk powder to Ecuador and 20 tons of butter to Saudi Arabia.

April 10. USDA accepted bids under the DEIP for 400 tons of whole milk powder to Saudi Arabia, 51 tons of nonfat dry milk Colombia, and 102 tons of nonfat dry milk to Chile.

April 13. USDA accepted bids for 1,000 tons of whole milk powder to Saudi Arabia and 105 tons of whole milk powder to Ecuador.

April 14. USDA accepted bids for 17 tons of nonfat dry milk to Ecuador and 20 tons of butter to Bahamas.

Export Enhancement Program (EEP)

The total amount awarded under the EEP with the 5-percent upward tolerance for fiscal year 1992 is \$755,818,612.02.

March 23. Under Secretary of Agriculture Richard T. Crowder announced an opportunity for sales of 400,000 tons of wheat to Venezuela under the EEP. This allocation is the 126th initiative announced under the EEP.

March 20. USDA accepted a bid under the EEP for 49,600 tons of hard red winter wheat to Sri Lanka.

March 23. USDA accepted a bid for 6,000 tons of soybean oil to Morocco.

March 24. USDA accepted bids for 2,600 tons of soybean oil to the newly independent republics of the former Soviet Union and 255,000 dozen large brown table eggs to Hong Kong.

March 25. USDA accepted bids for 525,000 dozen table eggs to Hong Kong and 43 tons of whole frozen broilers to Singapore

...Market Updates

EEP (continued)

March 26. USDA accepted bids for 274,750 tons of wheat (200,000 tons of hard amber durum and 74,750 tons of soft red winter) to Algeria and 24,750 dozen table eggs to United Arab Emirates.

March 27. USDA accepted bids for 14,000 tons of barley to Israel, 5,000 tons of northern/dark northern spring wheat to West and Central African Countries, 37,500 tons of wheat flour to Egypt, and 18 tons of whole frozen broilers to Kuwait.

March 30. USDA accepted bids for 237,000 tons of barley and 19,400 tons of soybean oil to the newly independent states of the former Soviet Union.

March 31. USDA accepted a bid for 13,000 tons of barley to the newly independent states of the former Soviet Union.

April 1. USDA accepted bids for 529,500 tons of wheat (349,500 tons of hard red winter and 30,000 tons of soft red winter) to the newly independent states of the former Soviet Union, 150,000 tons of northern/dark northern spring and 18,000 tons of soft white wheat to Yemen, 4,378 tons of northern/dark northern spring wheat to West and Central African Countries, 40,000 tons of milled rice to Turkey, and 24,000 tons of wheat flour to Egypt.

April 2. USDA accepted bids for 10,000 tons of milled rice to the newly independent states of the former Soviet Union and 90 tons of whole frozen broilers to United Arab Emirates.

April 7. USDA accepted a bid for 108 tons of whole frozen broilers to United Arab Emirates.

April 8: USDA accepted bids for 25,000 tons of soft white wheat to Yemen, 15,000 tons of medium grain milled rice to Jordan, and 96,000 dozen extra large white table eggs to Hong Kong.

April 9. USDA accepted bids for 74,400 tons of soft red winter wheat to Algeria, 20,000 tons of barley to Israel, 12,000 tons of soybean oil to Tunisia, 36 tons of whole frozen broilers to Bahrain, and 5,000 tons of whole frozen broilers to Egypt. @BODY-CAPTIONB = April 10. USDA accepted bids under the EEP for 224,200 tons of hard amber durum wheat to Algeria, 530 tons of soybean oil to the former Soviet Union, and 243,000 dozen extra large white table eggs to Hong Kong.

April 13. USDA accepted bids for 200,000 tons of barley to Saudi Arabia, 25,000 tons of soft white wheat to Yemen, 2,000 tons of soybean oil to Mexico, 76,500 dozen medium brown table eggs to Hong Kong, and 240 tons of whole frozen broilers to United Arab Emirates.

April 15. USDA accepted bids for 25,000 tons of soft white wheat to Yemen, 1,322 tons of whole frozen broilers to United Arab Emirates, and 358,050 dozen brown table eggs to Hong Kong (131,250 medium and 226,800 extra large).

April 16. USDA accepted bids for 30,000 tons of soft white wheat to Yemen, 200 tons of whole frozen broilers to United Arab Emirates, and 40,800 jumbo brown table eggs to Hong Kong.

U.S. Agricultural Exports by Major Commodity Group

Monthly and Annual Performance Indicators and Fiscal 1992 Forecasts

	February			October-February			Fiscal Year		
	1991	1992		1990/91	1991/92		1991	1992(f)	
	-- Bil.\$ --		Change	-- Bil.\$ --		Change	-- Bil.\$ --		Change
Grains & feeds 1/	1.155	1.258	9%	5.245	6.045	15%	12.544	13.3	6%
Wheat & Flour	0.250	0.416	66%	1.173	1.998	70%	3.058	4.3	41%
Rice	0.068	0.048	-30%	0.354	0.328	-8%	0.752	0.7	-7%
Feed grains 2/	0.585	0.519	-11%	2.395	2.354	-2%	5.653	5.3	-6%
Corn	0.510	0.390	-24%	2.038	1.850	-9%	4.872	4.5	-8%
Feeds & fodders	0.161	0.183	14%	0.795	0.882	11%	1.926	NA	NA
Oilseeds & products	0.625	0.821	31%	2.643	3.793	43%	5.691	6.6	16%
Soybeans	0.412	0.548	33%	1.707	2.417	42%	3.464	4.0	15%
Soybean meal	0.112	0.127	13%	0.435	0.647	49%	0.978	1.2	23%
Soybean oil	0.004	0.037	856%	0.054	0.137	154%	0.192	0.3	56%
Other vegetable oils	0.037	0.050	35%	0.174	0.194	12%	0.412	NA	NA
Livestock products	0.477	0.483	1%	2.408	2.493	4%	5.545	5.4	-3%
Red meats	0.238	0.249	4%	1.056	1.169	11%	2.481	NA	NA
Hides & Skins	0.130	0.112	-14%	0.648	0.532	-18%	1.439	NA	NA
Poultry products	0.082	0.090	10%	0.404	0.511	26%	1.007	1.1	9%
Poultry meat	0.059	0.067	13%	0.296	0.381	29%	0.726	NA	NA
Dairy products	0.028	0.069	151%	0.114	0.284	149%	0.367	0.6	63%
Horticultural products	0.447	0.565	26%	2.432	2.817	16%	6.020	6.6	10%
Unmanufactured tobacco	0.099	0.122	23%	0.695	0.622	-11%	1.533	1.5	-2%
Cotton & linters	0.362	0.241	-34%	1.420	1.097	-23%	2.619	2.4	-8%
Planting seeds	0.073	0.076	5%	0.340	0.393	15%	0.625	0.6	-4%
Sugar & tropical products	0.134	0.125	-7%	0.696	0.733	5%	1.582	1.7	7%
Forest Products 4/	0.511	0.552	8%	2.595	2.711	4%	6.419	NA	NA
Total Ag. export value	3.488	3.850	10%	16.440	18.788	14%	37.533	40.0	7%

	--MMT--			--MMT--			--MMT--		
			Change			Change			Change
Grains & feeds 1/	9.254	9.048	-2%	39.868	44.943	13%	NA	NA	NA
Wheat	2.485	3.133	26%	10.204	16.865	65%	26.691	33.0	24%
Wheat flour	0.074	0.107	45%	0.349	0.288	-18%	1.074	0.9	-16%
Rice	0.229	0.131	-43%	1.239	0.988	-20%	2.418	2.1	-13%
Feed grains 2/	5.344	4.513	-16%	22.362	20.994	-6%	51.802	45.9	-11%
Corn	4.644	3.348	-28%	18.922	16.355	-14%	44.496	39.0	-12%
Feeds & fodders	0.937	1.001	7%	4.741	4.928	4%	11.397	11.5	1%
Oilseeds & products	2.543	3.371	33%	10.414	15.312	47%	NA	NA	NA
Soybeans	1.806	2.465	36%	7.406	10.884	47%	15.139	18.1	20%
Soybean meal	0.557	0.609	9%	2.158	2.978	38%	4.648	5.4	16%
Soybean oil	0.005	0.078	1362%	0.082	0.294	258%	0.354	0.6	69%
Other vegetable oils	0.058	0.079	35%	0.267	0.294	10%	NA	NA	NA
Livestock products 3/	0.170	0.195	15%	0.897	1.094	22%	NA	NA	NA
Red meats	0.067	0.072	7%	0.307	0.359	17%	0.744	0.8	8%
Poultry products 3/	0.050	0.059	17%	0.272	0.344	26%	NA	NA	NA
Poultry meat	0.048	0.057	19%	0.260	0.329	27%	0.614	0.7	14%
Dairy products 3/	0.020	0.038	93%	0.071	0.159	122%	NA	NA	NA
Horticultural products 3/	0.384	0.490	28%	2.171	2.413	11%	5.048	5.6	11%
Unmanufactured tobacco	0.017	0.021	24%	0.110	0.104	-6%	0.239	0.2	-16%
Cotton & linters	0.221	0.167	-24%	0.856	0.721	-16%	1.598	1.6	0%
Planting seeds	0.056	0.130	133%	0.230	0.363	58%	NA	NA	NA
Sugar & tropical products 3/	0.127	0.094	-26%	0.481	0.453	-6%	NA	NA	NA
Total Ag. export volume 3/	12.84	13.61	6%	55.37	65.90	19%	129.35	134.5	4%

NA = Not available.

1/ Includes pulses, corn gluten feed, and meal.

2/ Includes corn, oats, barley, rye, and sorghum.

3/ Includes only those items measured in metric tons.

4/ Wood products are not included in agricultural product value totals.

Note -- 1992 forecasts are taken from "Outlook for U.S. Agricultural Exports," Feb. 27, 1992.

U.S. Agricultural Export Value by Region

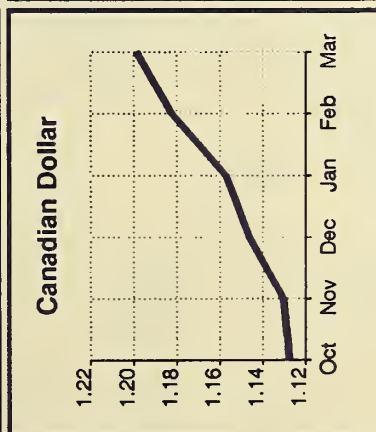
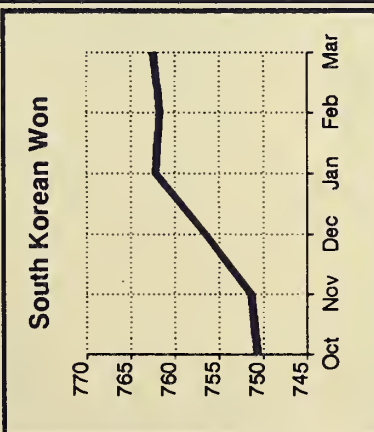
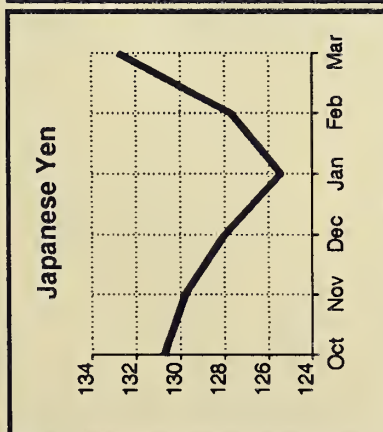
Monthly and Annual Performance Indicators and Fiscal 1992 Forecasts

	February			October-February			Fiscal Year		
	1991	1992		1990/91	1991/92		1991	1992(f)	
	--Bil.\$--		Change	--Bil.\$--		Change	--Bil.\$--		Change
Western Europe	0.765	0.837	10%	3.772	4.112	9%	7.310	7.4	1%
European Community	0.719	0.788	10%	3.535	3.858	9%	6.774	6.9	2%
Other Western Europe	0.046	0.049	7%	0.237	0.254	7%	0.536	0.5	-7%
Eastern Europe	0.039	0.011	-71%	0.175	0.083	-53%	0.303	0.2	-34%
Former Soviet Union	0.298	0.282	-5%	0.580	1.468	153%	1.716	2.5	46%
Asia	1.329	1.508	14%	6.460	6.992	8%	14.647	15.6	7%
Japan	0.682	0.784	15%	3.403	3.539	4%	7.718	8.0	4%
China	0.095	0.077	-19%	0.261	0.357	37%	0.667	1.0	50%
Other East Asia	0.421	0.440	4%	2.080	2.196	6%	4.644	4.8	3%
Taiwan	0.149	0.154	3%	0.736	0.884	20%	1.736	1.8	4%
South Korea	0.207	0.217	5%	1.011	0.956	-5%	2.159	2.2	2%
Hong Kong	0.065	0.069	7%	0.333	0.354	6%	0.744	0.8	7%
Other Asia	0.131	0.207	58%	0.716	0.900	26%	1.618	1.8	11%
Pakistan	0.001	0.050	4347%	0.060	0.145	140%	0.143	0.2	39%
Philippines	0.027	0.031	14%	0.158	0.162	3%	0.373	0.4	7%
Middle East	0.099	0.170	72%	0.567	0.732	29%	1.366	1.6	17%
Iraq	0.000	0.000	0%	0.000	0.000	0%	0.000	0.0	0%
Saudi Arabia	0.036	0.039	7%	0.225	0.245	9%	0.481	0.6	25%
Africa	0.168	0.109	-35%	0.792	0.733	-7%	1.819	1.8	-1%
North Africa	0.129	0.082	-36%	0.609	0.537	-12%	1.325	1.3	-2%
Egypt	0.062	0.053	-15%	0.314	0.301	-4%	0.692	0.7	1%
Algeria	0.054	0.024	-56%	0.206	0.163	-21%	0.422	0.5	18%
Sub Saharan Africa	0.039	0.027	-33%	0.182	0.196	8%	0.493	0.5	1%
Latin America	0.432	0.551	28%	2.167	2.532	17%	5.474	5.7	4%
Mexico	0.260	0.335	29%	1.094	1.339	22%	2.872	3.0	4%
Other Latin America	0.172	0.216	26%	1.073	1.192	11%	2.601	2.7	4%
Brazil	0.013	0.005	-64%	0.137	0.103	-25%	0.271	0.2	-26%
Venezuela	0.018	0.033	89%	0.115	0.146	27%	0.307	0.4	30%
Canada	0.331	0.354	7%	1.689	1.886	12%	4.395	4.7	7%
Oceania	0.028	0.027	-3%	0.161	0.202	26%	0.344	0.4	16%
World Total	3.488	3.850	10%	16.440	18.821	14%	37.534	40.0	7%

U.S. Agricultural Imports
Monthly Performance Indicators and Fiscal Year-to-Date Comparisons

By Commodity (\$Millions)	February		%	October-February		%
	1991	1992	Change	1990/91	1991/92	Change
Fruits and vegetables	717.4	724.7	1.0%	3,447.0	3,582.9	3.9%
Bananas and plantains	77.1	83.6	8.4%	378.1	406.3	7.4%
Other fresh fruits	102.2	99.7	-2.5%	291.0	321.2	10.4%
Fruit and veg. juices	51.2	64.5	26.0%	307.7	393.0	27.7%
Edible tree nuts	28.7	24.6	-14.3%	218.0	191.5	-12.2%
Wine and wine products	54.1	51.3	-5.2%	444.1	423.0	-4.8%
Sugar and tropical products	467.7	489.1	4.6%	2,386.8	2,496.2	4.6%
Sugar & related products	70.0	85.9	22.7%	431.8	363.3	-15.9%
Cocoa & cocoa products	79.8	93.5	17.2%	425.4	540.1	27.0%
Coffee & coffee products	190.5	172.9	-9.2%	838.6	845.6	0.8%
Spices	26.7	22.2	-16.9%	136.6	154.7	13.3%
Rubber & allied products	46.8	60.3	28.8%	277.5	303.0	9.2%
Livestock and products	365.8	372.6	1.9%	1,978.1	1,857.9	-6.1%
Live animals	98.0	111.8	14.1%	544.4	542.3	-0.4%
Beef and veal	148.8	148.4	-0.3%	777.7	751.6	-3.4%
Pork	61.4	48.5	-21.0%	374.6	270.4	-27.8%
Grains and feeds	102.9	113.7	10.5%	547.0	611.0	11.7%
Oilseeds and products	76.8	75.1	-2.2%	377.8	399.7	5.8%
Cotton and products	14.3	14.1	-1.4%	70.4	79.8	13.4%
Tobacco products	68.0	80.0	17.6%	246.6	305.3	23.8%
Dairy and poultry products	54.9	63.3	15.3%	368.5	392.2	6.4%
Agricultural Total	1,867.8	1,932.4	3.5%	9,422.2	9,725.1	3.2%
By Region (\$Millions)	February		%	October-February		%
	1991	1992	Change	1990/91	1991/92	Change
EC-12	314.4	323.2	2.8%	1,926.8	1,916.3	-0.5%
Italy	48.0	45.1	-6.0%	343.8	350.0	1.8%
France	45.5	51.1	12.3%	323.0	329.8	2.1%
Netherlands	59.7	58.5	-2.0%	329.5	299.6	-9.1%
North America	525.8	533.8	1.5%	2,401.9	2,487.9	3.6%
Canada	253.8	316.6	24.7%	1,331.4	1,509.4	13.4%
Mexico	271.9	217.2	-20.1%	1,070.4	978.4	-8.6%
South America	338.1	353.8	4.6%	1,640.2	1,682.6	2.6%
Brazil	131.7	94.0	-28.6%	678.0	607.8	-10.4%
Colombia	58.0	101.0	74.1%	329.0	404.6	23.0%
Asia	216.9	243.6	12.3%	1,140.1	1,294.5	13.5%
Indonesia	52.3	68.7	31.4%	284.7	340.8	19.7%
Thailand	17.9	29.5	64.8%	117.1	131.1	12.0%
Oceania	152.5	141.1	-7.5%	824.1	729.4	-11.5%
Australia	78.6	71.4	-9.2%	526.6	423.3	-19.6%
New Zealand	72.0	66.0	-8.3%	288.1	289.0	0.3%
Central America	124.1	142.5	14.8%	534.4	566.5	6.0%
Middle East	40.3	60.3	49.6%	177.1	205.7	16.1%
Africa	32.0	30.0	-6.3%	195.9	275.6	40.7%
Other West Europe	35.7	28.2	-21.0%	166.3	153.2	-7.9%
Fmr. Sov. Union	2.4	1.5	-37.5%	7.5	4.9	-34.7%
E. Europe	24.0	20.3	-15.4%	146.0	139.5	-4.5%
South Asia	19.7	24.0	21.8%	123.0	140.0	13.8%
Caribbean	36.8	24.7	-32.9%	119.2	96.3	-19.2%
North Africa	5.2	5.3	1.9%	19.7	33.1	68.0%
World Total	1,867.8	1,932.4	3.5%	9,422.2	9,725.1	3.2%

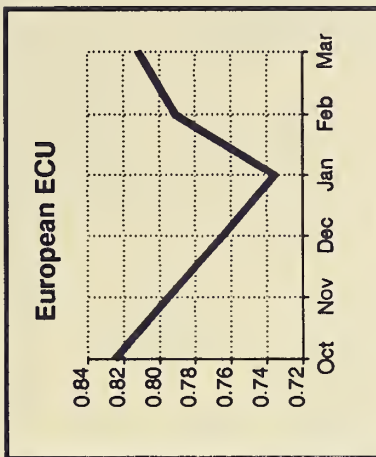
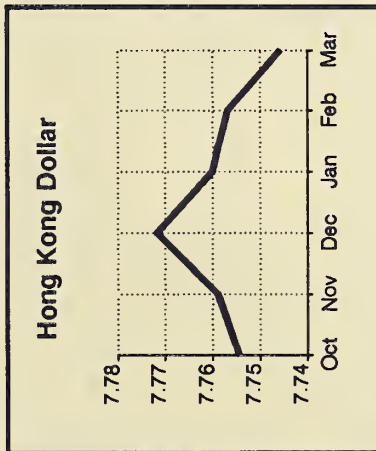
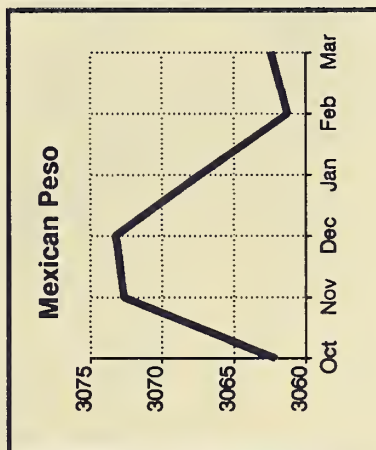
Exchange Rate Movements Of Major World Currencies Vis-a-Vis U.S. Dollar -- Daily Spot Quotations & Monthly Averages



Currencies	Current Rate 4/13/92	Month Ago 3/13/92	Year Ago 4/91	% Change Year Ago 4/91
Argentine Peso 1\	.99	.97	.97	2.06
Australian Dollar	1.3070	1.3247	1.2816	1.98
Brazilian Cruzeiro	2152.02	1697.00	243.47	783.90
Canadian Dollar	1.1840	1.1983	1.1487	3.07
Hong Kong Dollar	7.7330	7.7465	7.7900	-0.73
Japanese Yen	133.11	133.60	134.15	-0.78
Mexican Peso	3063.00	3060.75	2986.00	2.58
Taiwan Dollar	25.02	25.07	27.33	-8.45
South Korean Won	780.25	769.50	725.75	7.51
European ECU	.80782	.81553	.81291	-0.63
-British Pound	.5683	.5851	.5573	1.97
-French Franc	5.6055	5.6610	5.6245	-0.34
-West German Mark	1.6550	1.6670	1.6675	-0.75

1\ The Argentine Austral was recently converted to the Peso at a rate of 10,000 to 1.

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, April 13, 1992.
Source: TEID/TFP/FAS Exchange Rate Database and Wall Street Journal.



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